



August 1, 2020

Interagency Seafood Trade Task Force
Mr. Jim Sanford
Assistant U.S. Trade Representative for
Small Business, Market Access, and
Industrial Competitiveness
Office of the U.S. Trade Representative
1724 F Street NW
Washington, DC 20508

Interagency Seafood Trade Task Force
Mr. Andrew Lawler
Deputy Assistant Secretary for
International Fisheries
U.S. Secretary of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Re: RFI Response: Interagency Seafood Trade Task Force (85 FR 41566)

Dear Assistant USTR Sanford and Assistant Secretary Lawler,

On behalf of the American Shrimp Processors Association (ASPA), representing more than 200 processors and more than 10,000 jobs along the U.S. coastline from Texas to North Carolina, I want to thank you for working hard to protect American workers and reduce our trade deficit. Your steadfast efforts have drastically altered our nation's position in the world of international trade. Thank you also for your ongoing work leading President Trump's Interagency Seafood Trade Task Force to achieve a fair and level playing field for American seafood products.

I. INTRODUCTION

Section 11 of the Executive Order on Promoting American Seafood Competitiveness and Economic Growth governs international seafood trade and requires the Seafood Trade Task Force to "recommend a comprehensive interagency seafood trade strategy" in "furtherance of fair and reciprocal trade in seafood products." We respectfully suggest that shrimp is the seafood sector in most need of a wide-ranging strategy to establish a fair and reciprocal playing field. **Shrimp is the most consumed seafood product in the United States.**¹ The U.S. market absorbed an astounding 1.53 billion pounds of imported shrimp in 2018.² U.S. domestic, wild-caught shrimp only supplies 6-10% of the American shrimp market.³

¹ See National Marine Fisheries Service (NMFS), *Fisheries of the United States, 2018* (Feb. 2020).

² *Id.*

³ *Id.*

Imported shrimp did not come to dominate the U.S. market as a result of fair market forces or balanced competition. Rather, seafood industries in developing countries emerged deliberately as a result of generous government support programs providing billions of dollars in illegal and trade-distorting subsidies. Seafood exports are an important source of foreign exchange earnings and employment in these countries, providing the political and economic incentive for trade illegal subsidies, flagrant abuses of illegal veterinary drugs to increase production, and illegal, unreported, and unregulated (IUU) fishing. As a result, imported seafood products dominate the U.S. market and, because of the dangerous veterinary drugs used overseas, cause real and demonstrable public health concerns for the American consumer.

The circumstances caused by unfair international trade have only been exacerbated since the COVID-19 outbreak. The domestic seafood industry, in particular the Gulf Coast and South Atlantic harvesters and processors of U.S. wild-caught shrimp, has suffered numerous natural and manmade disasters in recent decades. Hurricanes Katrina and Rita (2005), the Deepwater Horizon Oil Spill (2010) and the Fisheries Disaster (2019) have all caused significant harm and left the domestic seafood industry extremely vulnerable. American shrimpers have operated in a near-constant state of existential peril while the potentially toxic foreign shrimp are increasingly dumped in our market.

II. IMPORTS

Foreign shrimp dominates the U.S. market. According to the most recent National Marine Fisheries Service (NMFS) report published in February 2020, *Fisheries of the United States, 2018*, **a staggering 90 to 94% of shrimp consumed in the U.S. is imported, substantially contributing to the total U.S. seafood deficit of \$19.5 billion in 2018.**⁴

The U.S. imported \$40.3 billion of fishery products in 2018, representing a 6% (\$1.9 billion) increase from 2017 that was already 7% (\$2.5 billion) above 2016. **Shrimp stands alone as the largest seafood product imported into the U.S., accounting for 27.7% of the total volume of seafood imports in 2018.**⁵ While American per capita fish consumption grew to 16.1 pounds in 2018, shrimp remains the favorite.⁶

The meteoric rise in imported shrimp is nothing new, of course. The numbers of imported shrimp has risen nearly each year since 1980. In 1980, imported shrimp amounted to a mere 200 million pounds.⁷ By 2018, imported shrimp amounted to 1.53 billion pounds.⁸ The following chart graphically depicts the meteoric rise in shrimp imports into the US over the last several decades.

⁴ *Id.*

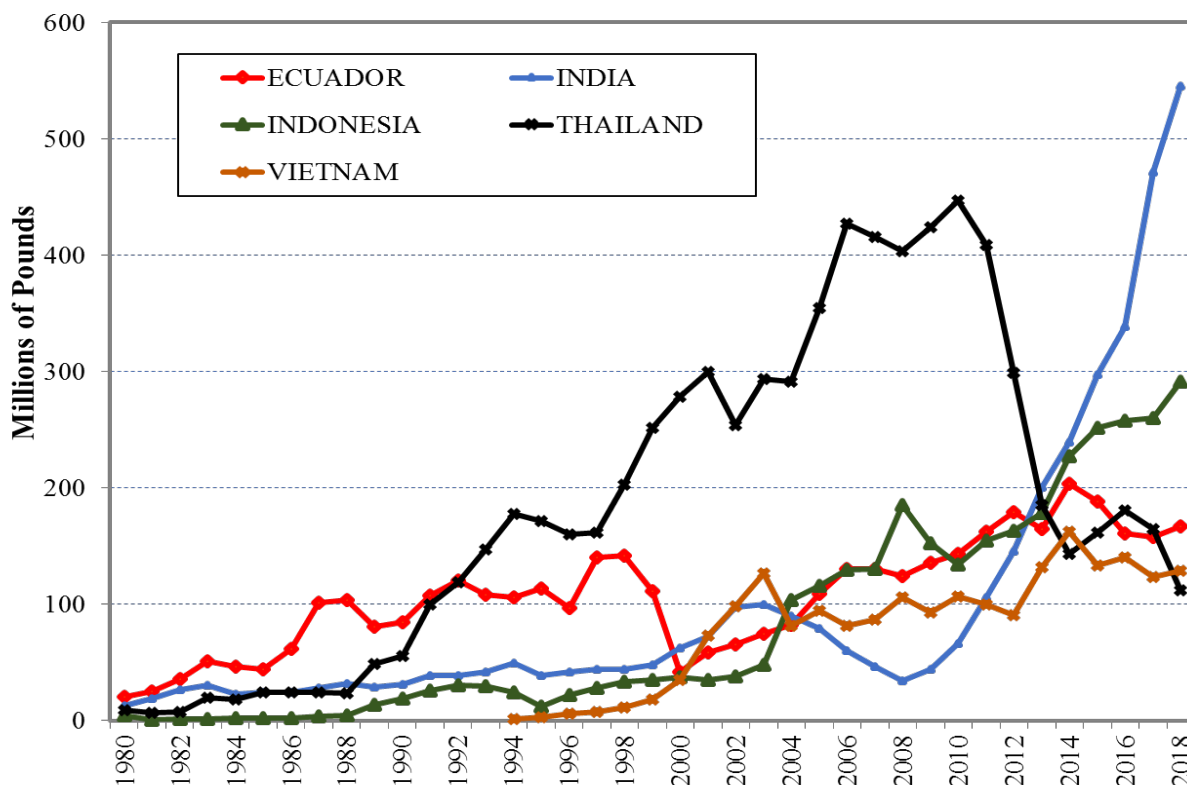
⁵ *Id.*

⁶ *Id.*

⁷ See Dr. Jack Isaacs, Louisiana Department of Wildlife and Fisheries (LDWF), Gulf of Mexico Commercial Shrimp Landings and Shrimp Product Import: 1980-2018.

⁸ See note 1, *supra*.

Volume of *Shrimp Product Imports* by Source Nation: 1980-2018



III. HEALTH & SAFETY ISSUES

Foreign shrimp potentially places American consumers' health at risk. The U.S. Government Accountability Office (GAO) has published two recent Reports on Imported Seafood Safety (November 2019 and September 2017) that provide critical insight on the problems and inadequacies of the U.S. seafood import inspection regime administered by the Food and Drug Administration (FDA).⁹ While Customs and Border Protection (CBP) collects import entry data on all products, including seafood, the Food and Drug Administration (FDA) is charged with examining and inspecting certain seafood imports.¹⁰ Much of this information sharing is electronic and the GAO recommends increased communication between CBP and FDA.

The FDA imported seafood program has two primary components: the Hazard Analysis Critical Control Point (HACCP) program and the port of entry inspection process.¹¹ First, HACCP

⁹ See U.S. Government Accountability Office, *Imported Seafood Safety: Actions Needed to Improve FDA Oversight of Import Alert Removal Decisions*, GAO-20-62 (Nov. 2019); and U.S. Government Accountability Office, *Imported Seafood Safety: FDA and USDA Could Strengthen Efforts to Prevent Unsafe Drug Residues*, GAO-17-443 (Sep. 2017).

¹⁰ U.S. Government Accountability Office, *Imported Seafood Safety: Actions Needed to Improve FDA Oversight of Import Alert Removal Decisions*, GAO-20-62 (Nov. 2019).

¹¹ U.S. Government Accountability Office, *Imported Seafood Safety: FDA and USDA Could Strengthen Efforts to Prevent Unsafe Drug Residues*, GAO-17-443 (Sep. 2017).

requires all foreign producers to ensure basic cleanliness and safety, but the HACCP program does not regulate or monitor the use of illegal drugs. Moreover, neither fish farms nor laboratories are subject to HACCP regulations or inspection. These fish farms and labs are the locus for the introduction of illegal drugs, yet they completely escape even basic HACCP regulation. **In 2018, the FDA examined only 1% of all seafood products imported to the U.S.**¹²

The second component of the FDA seafood import inspection regime is the port of entry inspection process. FDA's port of entry inspection program is severely limited in scope. **In FY 2015, FDA examined only 2.2% of all imported seafood and tested only 0.1% of 1 million seafood entry lines for illegal drugs. Of that 0.1%, 12% of shrimp tested positive for illegal drugs.** In short, the FDA port of entry inspection process yields a miniscule 1 in 1,000 chance of foreign seafood being selected by FDA for illegal drug testing.¹³ FDA has the power to place firms and products on import alerts for inspection and also to remove them. However, of the 274 removal decisions from 2011 to 2018, 95% were removed without any audit conducted.¹⁴

Recent problems with illegal drugs found in Indian shrimp vividly demonstrate the need for reforming the FDA inspection process. India's shrimp production has seen massive increases over the past decade due primarily to **millions in illegal subsidies and widespread use of illegal veterinary drugs to increase production.** In fact, the problem is so pervasive that India's own government **provides insurance coverage to its shrimp aquaculture industry against rejections for banned drugs found at foreign borders,** which only encourages the industry's widespread use of illegal antibiotics and veterinary drugs. The U.S. is the proverbial dumping ground for Indian shrimp that cannot otherwise access the EU or other larger markets because of their more stringent inspection and equivalency requirements.

ASPA has consistently demonstrated the burgeoning health crisis due to the widespread and illegal use of veterinary drugs and antibiotics in seafood. Antimicrobial resistance (AMR) prevents common drugs from treating microorganisms (bacteria, fungus, virus or parasite). AMR kills 29,500 Americans each year and the U.S. Center for Disease Control (CDC) projects will kill 1 million Americans by 2050.¹⁵ In addition to the human toll, the economic cost of AMR could reach \$65 billion by 2050.¹⁶ According to the World Health Organization (WHO), "the problem is so serious that it threatens the achievements of modern medicine in a "post-antibiotic era."¹⁷ The COVID-19 crisis drastically illustrates the health and safety problems caused by viral and other infections that have no vaccination or treatment.

¹² *Supra*, note 10, GAO-20-62 (Nov. 2019).

¹³ *Supra*, note 11, GAO-17-443 (Sept. 2017).

¹⁴ *Supra*, note 10, GAO-20-62 (Nov. 2019).

¹⁵ See U.S. Centers for Disease Control (USCDC), *Antibiotic Resistance Threats in the United States, 2013*; and The Organization for Economic Co-operation & Development (OECD), *Stemming the Superbug Tide*, OECD Health Policy Series (November 2018).

¹⁶ *Id.*

¹⁷ See World Health Organization (WHO), *Antimicrobial Resistance, Global Report of Surveillance* (2014 Summary).

IV. ILLEGAL SUBSIDIES & DOMESTIC PRICES

International government subsidies to the fishing industry amount to approximately \$35 billion per year.¹⁸ ASPA launched a countervailing duty case in 2012 to address subsidies in the shrimp industry. The Department of Commerce confirmed \$250 million in illegal government subsidies to shrimp production in 2012 alone in Vietnam, Thailand, Malaysia, Indonesia, India, Ecuador, and China.¹⁹ The following chart shows the trade-illegal subsidies found by the Department of Commerce and their dollar value in 2016 and 2018 (assuming similar subsidy rates).

Subsidies to U.S. Shrimp Imports
((\$1,000))

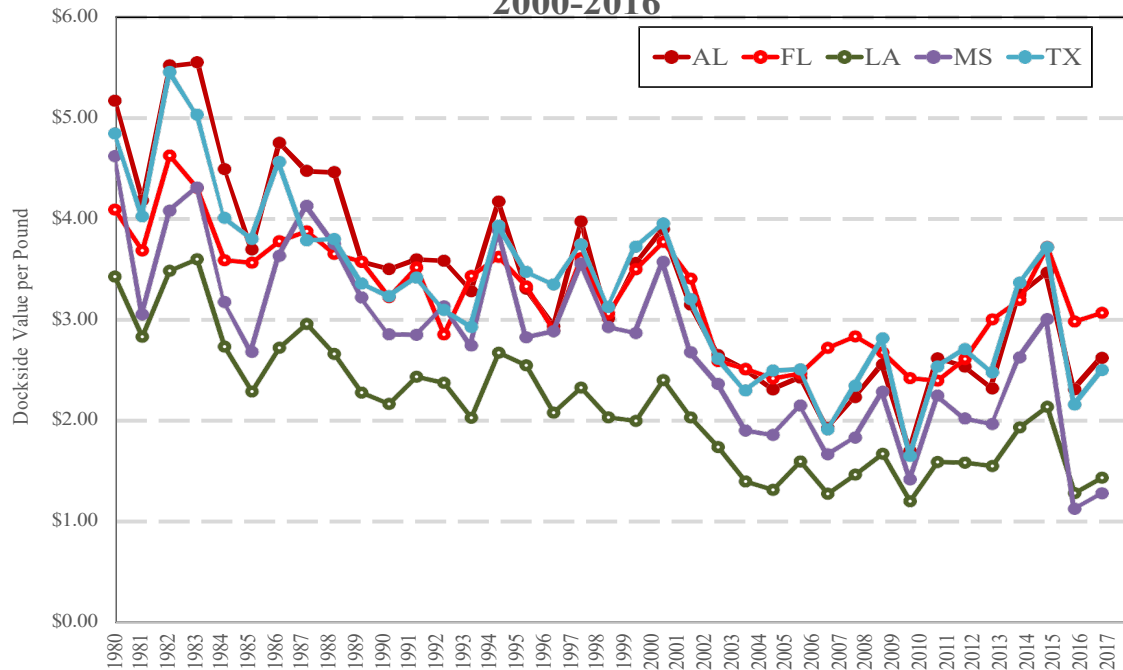
Country	U.S. Imports			All Others CVD Rate	Subsidies to U.S. Imports		
	2012	2016	2018		2012	2016	2018
India	\$553,515	\$1,486,702	\$2,194,418	10.84%	\$60,001	\$161,159	\$237,875
Indonesia	\$634,008	\$1,076,175	\$1,179,056	0.25%	\$1,585	\$2,690	\$2,948
Vietnam	\$426,153	\$641,031	\$562,261	4.52%	\$19,262	\$28,975	\$25,414
Ecuador	\$499,536	\$571,292	\$499,113	11.68%	\$58,346	\$66,727	\$58,296
Thailand	\$1,086,518	\$738,462	\$470,834	1.46%	\$15,863	\$10,782	\$6,874
China	\$101,948	\$79,371	\$152,516	18.16%	\$18,514	\$14,414	\$27,697
Malaysia	\$142,001	\$1,427	\$3,293	54.50%	\$77,391	\$778	\$1,795
Total	\$3,443,679	\$4,594,460	\$5,061,491		\$250,961	\$285,523	\$360,899

Foreign producers in these countries enjoyed \$360 million in subsidies on their 2018 exports to the U.S. These illegal subsidies are one of the primary contributing factors to the historically high U.S. shrimp import volumes and significantly depressed U.S. prices over the past 6 years. The following chart shows the precipitous decline in dockside value of domestic shrimp that is forced to compete with these illegally subsidized and dumped shrimp.

¹⁸ See International Centre for Trade and Sustainable Development, *Fisheries Subsidies Rules at the WTO: A Compilation of Evidence and Analysis* (Apr. 2018)

¹⁹ See, e.g., *Certain Frozen Warmwater Shrimp from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 78 Fed. Reg. 50,391 (Dep't Commerce Aug. 19, 2013).

Dockside Value per Pound of Shrimp in 2017 Dollar Values by Gulf State: 2000-2016



V. COVID-19

The ongoing COVID-19 outbreak exacerbates these pre-existing conditions caused by unfair trade policies and practices. American shrimpers have fewer market opportunities to sell our shrimp, and foreign shrimp continue pouring in seemingly unaffected by the pandemic. **Restaurant closures are already dealing a particularly harsh blow to the shrimp industry because, according to USITC data, 80% of all U.S. shrimp consumption occurs at the restaurant level.** If we cannot sell our shrimp to restaurants, we have little income to keep our doors open and maintain our jobs. If we cannot sell our inventory to restaurants, then we have no monetary resources to purchase additional shrimp from the harvesters. Our entire seafood business chain is in real peril due to this pandemic.

Although the unprecedented COVID-19 outbreak impacts all sectors of the U.S. economy, the American shrimp processors and harvesters stand on wet ground with the most to lose. **While this pandemic and the resulting restaurant closures pose the most recent existential threat to the American shrimp industry, the constant and ongoing and growing threat to American shrimpers is the distorted and unjust trade practices.** Imports are driving down all shrimp wholesale prices, not just those potentially toxic farmed shrimp but also the wholesale prices of

domestic wild-caught shrimp, which depresses the overall domestic fishing market and every fishing community from Anchorage, Alaska to Miami, Florida.

This incessant and ever-increasing dumping of foreign farmed shrimp translates directly into a loss of fishermen and directly depletes jobs on each vessel on every dock and in all processing facilities. We may see cheaper shrimp on the market, but we still pay the higher price in the cost of lost American jobs.

VI. INTERAGENCY COOPERATION

The U.S. Department of Agriculture (USDA) offers scores of programs and funding designed to help farmers and ranchers survive difficult economic circumstances. Regardless of what causes the American land farmer's bad year, be it a natural disaster or a trade war, our government supports them and provides options for another harvest. For example, on April 20, 2020, President Trump announced an additional \$19 billion relief fund for domestic farmers.

No such safety net exists for the seafood sector, which also suffers yearly natural disasters and illegal international trade conditions. This task force needs to seriously consider offering programs to the U.S. seafood industry that mirror those the USDA provides to the agriculture sector. For example, among the buffet of USDA programs available to U.S. farmers, shrimpers and other fisheries should at the very least have access to the Farm Service Agency's (FSA) Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) to provide a much needed safety net to shrimp fishermen when there is a substantial drop in revenue or prices for covered commodities. Or, alternatively, fisheries could have access to the FSA's Direct Operating and Ownership Loans, its interim financing options provided via Market Assistance Loans (MALs), or some of the hundreds of product offerings available through Risk Management Agency's (RMA) Federal Crop Insurance.

An interagency agreement between Commerce and USDA would allow fisheries access to any of these business interruption insurance programs realistically and substantially sustain family shrimp boat operations and keep them alive for another generation. Commerce would still be in charge of the fisheries within its jurisdiction. Commerce would simply be leasing the front end of these programs, the development and management, from USDA for the use of USDA's existing expertise and staff while maintaining the responsibility of funding within Commerce.

VII. RECOMMENDATIONS

The following is a non-exclusive list of easily achievable trade remedies to support domestic shrimpers and rebalance the U.S. marketplace by targeting illegal subsidies and trade practices:

1. Recommend immediate consultations with all foreign countries that are providing trade-illegal subsidies to their shrimp sector and negotiate measures that will counteract these subsidies and ensure a level playing field in international shrimp trade.

2. Recommend establishing tariffs and/or a quota system on imported shrimp products from exporting nations that have been found by the U.S. government to violate international trade laws. The US should have the ability to go beyond bound tariff rates and develop targeted relief where illegal trade conditions persist year after year.
3. Recommend the establishment of bilateral safety agreements with foreign countries to ensure the safety of shrimp imports. The GAO recommended this approach in its September 2017 report on imported seafood safety.
4. Recommend the imposition of mandatory Country of Origin Labeling (COOL) at all restaurant and retail establishments to ensure that American consumers have knowledge of seafood origin to make informed choices about the seafood they eat.
5. Recommend that Commerce and USDA enter into an interagency agreement or memorandum of understanding to provide wild-caught American shrimp harvesters and processors with access to either USDA's insurance product offerings or similar programs modeled after USDA's.

VIII. CONCLUSION

On behalf of 228 processors providing more than 10,000 jobs in Texas, Louisiana, Mississippi, Alabama, Florida, Georgia, South Carolina, and North Carolina, we respectfully request that the Seafood Trade Task Force adopt a comprehensive plan to address the distorted international trade market in shrimp. We are happy to provide additional details, specific country-by-country data, explanations, and personal examples to assist your efforts.

Sincerely,

A handwritten signature in black ink that reads "C. David Veal". The signature is written in a cursive, flowing style.

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